

NEW APPLICATION

ORIGINAL



0000107563

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman

GARY PIERCE

PAUL NEWMAN

SANDRA D. KENNEDY

BOB STUMP

2010 JAN -8 P 4:40

Arizona Corporation Commission

DOCKETED

JAN -8 2010

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY
FOR A HEARING TO DETERMINE THE
FAIR VALUE OF THE UTILITY PROPERTY
OF THE COMPANY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND
REASONABLE RATE OF RETURN
THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN, AND FOR APPROVAL OF
PURCHASED POWER CONTRACT.

E-01345A-10-0006

DOCKET NO. E-01345A.

**REQUEST TO EXTEND
COMPETITION RULES
COMPLIANCE CHARGE**

In Decision No. 67744, the Arizona Corporation Commission ("Commission") authorized Arizona Public Service Company ("APS") to institute the Competition Rules Compliance Charge ("CRCC") that was designed to recover the costs APS incurred in complying with the Commission's competition rules. The decision stated:

"APS will recover \$47.7 million plus interest through a CRCC of \$0.000338/kWh over a collection period of 5 years. When that amount is collected, the CRCC will immediately terminate, and if the amount is under or over recovered, then APS must file an application for the appropriate remedy." (Decision at page 27).

The CRCC was developed based on a projection of energy sales for the five year effective period of the CRCC. Because of factors beyond the control of APS, principally the economy, energy sales have been significantly less than forecast, and the CRCC charge will not recover the full amount authorized in Decision No. 67744. If the CRCC were to end on April 1, 2010, the CRCC will under collect approximately \$4.6 million of the \$47.7 million that Decision No. 67744 indicated that the Company "will recover." The worksheet attached hereto as Exhibit A demonstrates the computation of the under collection as of November

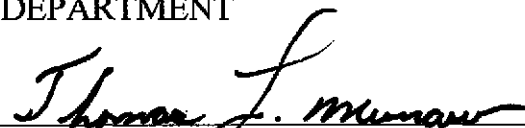
1 2009 and projected through March 31, 2010. Decision No. 67744 ordered that APS file an
2 application to remedy over or under collection.

3 APS believes the appropriate remedy is to continue the CRCC until the full balance is
4 collected and requests that the CRCC be extended until such time that the remaining balance
5 is collected. APS asks that, if at all possible, the Commission authorize continuation of the
6 CRCC prior to April 1, 2010, such that the CRCC remains constant throughout the extended
7 recovery period. Based on current sales projections, APS estimates the balance will be fully
8 collected by September of this year. For an average residential customer, the CRCC is \$0.40
9 per month based on consumption of 1,176 kWh. This amount was included in the bill
10 comparisons presented to the Commission in the recent rate case, so continuation of the
11 CRCC does not affect the rate case bill impact notices currently being sent to APS customers.

12 RESPECTFULLY SUBMITTED this 8th day of January, 2010.

13
14 PINNACLE WEST CAPITAL CORPORATION
15 LAW DEPARTMENT

16 By:



17 Thomas L. Mumaw
18 Meghan H. Grabel

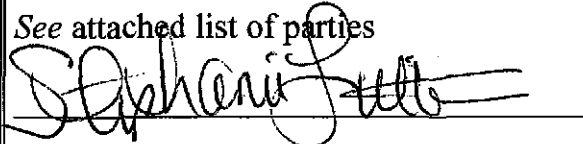
19 Attorneys for Arizona Public Service Company

20 **ORIGINAL** and thirteen (13) copies
21 of the foregoing filed this 8th day of
22 January, 2010, with:

23 Docket Control
24 ARIZONA CORPORATION COMMISSION
25 1200 West Washington Street
26 Phoenix, Arizona 85007

27 **COPY** of the foregoing mailed/delivered this
28 8th day of January, 2010 to:

See attached list of parties



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Exhibit A

ARIZONA PUBLIC SERVICE COMPANY

CRCC RECOVERY ACTUAL AND FORECAST

January 2010 Update

Exhibit A

Actuals 2009

2009 MWh Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec*	Total
Remaining Reg Asset Balance (\$000)	\$ 16,497	\$ 15,793	\$ 15,193	\$ 14,563	\$ 13,882	\$ 13,079	\$ 12,186	\$ 11,083	\$ 10,018	\$ 9,082	\$ 8,383	\$ 7,741	\$ 16,497
CRCC Revenue (\$000)	(709)	(605)	(635)	(686)	(807)	(897)	(1,107)	(1,069)	(939)	(702)	(645)	(708)	(9,509)
Interest (\$000)	5	5	5	5	4	4	4	4	3	3	3	3	48
Calculated Balance (\$000)	\$ 15,793	\$ 15,193	\$ 14,563	\$ 13,882	\$ 13,079	\$ 12,186	\$ 11,083	\$ 10,018	\$ 9,082	\$ 8,383	\$ 7,741	\$ 7,036	\$ 7,036

Forecast 2010

2010 MWh Forecast

Remaining Reg Asset Balance (\$000)	2,101,646	2,010,697	1,914,767	1,833,925	2,053,353	2,575,973	3,091,539	3,111,109	2,159,763				20,852,772
Forecast CRCC Revenue (\$000)	\$ 7,036	\$ 6,329	\$ 5,651	\$ 5,006	\$ 4,388	\$ 3,696	\$ 2,826	\$ 1,782	\$ 730				\$ 7,036
Return on Remaining Balance (\$000)	(710)	(680)	(647)	(620)	(694)	(871)	(1,045)	(1,052)	(730)				(7,049)
Calculated Balance (\$000)	\$ 6,329	\$ 5,651	\$ 5,006	\$ 4,388	\$ 3,696	\$ 2,826	\$ 1,782	\$ 730	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Estimated September 2010 assumes that CRCC collection may terminate mid-month as balance is drawn down.

Calculation of CRCC recovery per month: 0.000338 \$/kWh Recovery calculation based on filed Plan for Administration filed in ACC Docket E-01345A-03-0437

Interest Rates

	per annum	monthly
Dec-09	0.50%	0.00042
2010	0.45%	0.00038

Same as Nov 2009 YTD Rates

Treasury Rate, 1 year, Constant Maturities, 1/4/10

*These numbers are being provided solely for purposes of the APS 2005 Rate Case and are not to be used or relied upon for purposes of trading any security.

*December 2009 is APS's forecast of MWh and Revenue.